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CIA HISTORICAL REVIEW PROGRAM

RELEASE AS SANITIZED

28 May 1976

1998

MEMORANDUM FOR: Mr. Francis J. Holeva
Department of State

SUBJECT : Review of USSR National Income
Statistics

REFERENCE : Your Memorandum of 25 May 1976,
Same Subject, to
CIA Headquarters

1. The data contained in the referenced memorandum was reviewed by this office. These data represent an attempt to recast Soviet national income (net material product) into the Western concept of net national product (national income in the document). The methodology used is essentially correct, but without additional details about the sources of some of the data we cannot be sure that nothing was omitted or erroneously included.

2. Most of the data are from the Soviet annual statistical handbook, Narodnoye Khozyaystvo SSSR v 1974 (Source #1 in your memorandum). The net material product value is correctly cited. Items 1-6 of non-material product are the product of Soviet employment and wage data for the relevant sectors published on pages 551 and 563 of the same source. Item 11 is the sum of profits in the communal economy and other branches of the economy as published on page 739. Item 7, social insurance contributions, is equal to 5.5% of the sum of items 1-6. This percentage is identical to a Soviet published rate for state institutions (Spravochnik partiynogo rabotnika, p. 440), which was used by the Office of Economic Research for the same branches in its estimate of 1970 Soviet gross national product.

3. The remaining data, items 8-10 of non-material product and the entire value of services consumed in material production, are not available in open Soviet literature and are of the highest interest to us. Item 8 of non-material product, the value added in transportation

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and communication serving households seems too low. Estimates from official Soviet data and from Soviet journal articles and books are 20-100% higher. It may be that the value added in transportation and communications serving the non-material product branches was not included as it should be. We cannot declare that the value published in this document is wrong, and we would be very interested in its derivation.

4. The value of wages and salaries of military personnel (item 10) seems quite reasonable. The interesting feature is that the value in 1973 is the same as in 1972 and smaller in 1974. This implies a decrease in Soviet military manpower, hence we would be very interested in the derivation of this number. This number may have been calculated as a fixed percentage of the announced defense budget which was constant in 1973 and declined in 1974.

5. The subtraction of the value of services consumed in material production reveals considerable methodological sophistication. Soviet data in this area are extremely scarce and we cannot evaluate them. As a whole, they appear to be of the right order of magnitude.

6. Since the Office of Economic Research is responsible for estimating Soviet GNP, it is important for us to understand any Soviet data which may aid us in this task. The data in your memorandum fall precisely into that category, including some data which appear to be original and very important if we can document them. Therefore, we would be most appreciative of any information you could provide us about their source. In particular, were they provided by members of the Soviet UN delegation? Can any more details be obtained (detailed sources, method of computation, etc.)? Can the same data for other years be obtained? The document appears to be part of a larger publication; can you provide us with a copy of the entire document or its title and source?

7. I hope these comments are helpful to you. Please call if you wish any additional details.

Office of Economic Research

Attachment:

Memo of 25 May 76

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DEPARTMENT OF STATE

Washington, D.C. 20520

May 25, 1976

MEMORANDUM

TO : CIA Headquarters

FROM : Francis J. Holeva
IO/UN/COR, Room 5336 (632-2753)
Department of State

SUBJECT: USSR National Income Statistics

Per our phone conversation of 25 May, please find attached the national income figures of the USSR forwarded to us by David L. Stottlemeyer of our U.S. Mission to the United Nations in New York.

Please review the statistics and provide your comments. Some thoughts could be along the line of:

- (1) Their validity.
- (2) Are they too low or too high.
- (3) Are they in keeping with your current information on the subject.

Your cooperation in this matter will be deeply appreciated. I would like to return the comments to Mr. Stottlemeyer by 28 May.

USSR

	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1972-1974 average</u>
National income ^{1/} (million roubles)	352,515	379,588	397,702	
Exchange rate ^{2/} (roubles per U.S. dollar)	0.823	0.735	0.772	
1 rouble =	1.22	1.36	1.30	
National income (million U.S. dollars)	428,329	516,446	515,158	486,644
Mid-year population ^{3/} (millions)		249.75		
Per capita income (U.S. dollars)				1,949

^{1/} Source: For derivation see the following page.

^{2/} Source: U.N. Monthly Bulletin of Statistics. Annual average of effective dates.

^{3/} Source: U.N. Monthly Bulletin of Statistics.

USSR (continued)

Derivation of national income

	<u>1972</u>	<u>1973</u>	<u>1974</u>
	(million roubles)		
Net material product ^{1/}	313,600	337,800	353,700
Non-material product ^{2/}	47,371	50,835	53,648
of which:			
1. Wages and salaries in housing	4,035	4,317	4,643 ✓
2. Wages and salaries in health	6,172	6,560	6,827 ✓
3. Wages and salaries in education	11,969	13,106	13,588 ✓
4. Wages and salaries in science	6,107	6,602	7,094 ✓
5. Wages and salaries in finance	622	687	753 ✓
6. Wages and salaries in government	2,998	3,161	3,351 ✓
7. Social insurance contributions in above branches	1,755	1,894	1,994 S.S.?
8. Value added in passenger transportation and communication serving households, excluding social insurance contribution	5,667	6,019	6,489 ?
9. Social insurance contributions in passenger transportation and communication serving households	160	172	181 ?
10. Wages and salaries of military personnel	4,314	4,314	4,262 ?
11. Profit in non-material sphere	3,572	4,003	4,466 <i>ammunition + other</i>

^{1/} Source: Central Statistical Board of the USSR, National Economy of the USSR in 1974, p. 574.

^{2/} Source: Estimated by using national sources.

USSR (continued)

Derivation of national income (continued)

	<u>1972</u>	<u>1973</u>	<u>1974</u>
	(million roubles)		
<u>Less:</u> Value of services consumed in material production and some other components	8,456	9,047	9,646
of which:			
1. Expenditure on cultural facilities in material sphere included in business cost	170	182	194
2. Expenditure on cultural facilities in material sphere financed out of profit	791	827	864
3. Purchase of services by material sphere (scientific services, financial services, insurance services, etc.)	6,348	6,808	7,274
4. Travel expenditure in material sphere	1,147	1,230	1,314
National income	352,515	379,588	397,702